

**Convenience Translation:**

The text decisive for the explanation on the shareholders' rights is the one written in the German language.

## **Explanations on shareholder rights pursuant to sections 122 para. 2, 126 para. 1, 127, 131 para. 1 of the German Stock Corporation Act (AktG)**

### **Requests to supplement the agenda at the request of a minority pursuant to section 122 para. 2 AktG**

Shareholders whose shares reach an aggregate amount of 5 % of the share capital (corresponding to 1,591,979 no par value shares) or the total nominal amount of € 500,000.00 (corresponding to 500,000 no par value shares), may request that items be added to the agenda and published. Every request to add a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request must be sent in writing to the Management Board of MorphoSys AG and must reach the Company no later than 30 days before the Annual General Meeting, which is the close of April 21, 2019 (24:00 hours [midnight] CEST) at the following mailing address:

MorphoSys AG  
The Management Board  
Semmelweisstraße 7  
82152 Planegg  
Germany

Applicants shall provide evidence of their share ownership for a period of at least 90 days prior to the day the request is received and state that they will continue to hold the shares until the Management Board has decided on their request, whereby section 70 AktG is applied when calculating the period that the shares were held. The day the request is received is not included in this period. It is not allowed to change to a preceding or following working day when the end of the period to provide evidence of share ownership falls on a Sunday, Saturday or public holiday. Sections 187 to 193 BGB do not apply.

Unless announced at the time of the notification of the Annual General Meeting, supplements to the agenda shall be published immediately in the Federal Gazette upon receipt of the corresponding motion and be furnished to communication media for publication where the information is expected to be disseminated throughout the European Union. The supplements to the agenda will also be published on the Internet at [www.morphosys.com/agm](http://www.morphosys.com/agm) and communicated.

The relevant sections of the German Stock Corporation Act upon which those shareholder rights are based are as follows (convenience translation only):

*Section 122 of the German Stock Corporation Act: Convening a meeting upon the request of a minority*

- (1) *A general meeting shall be convened if shareholders whose aggregate holding is not less than one-twentieth of the share capital require such meeting in writing, stating the purpose and grounds; such request shall be addressed to the management board. The articles of association may provide that the right to request a general meeting is to depend on another form and on holding a lower proportion of the share capital. The applicants have to prove that they have been shareholders for at least 90 days prior to the day of the receipt of the demand and that they will continue to hold the shares until the decision of the managing board regarding their request is made. Section 121 para. 7 shall apply correspondingly.*
- (2) *In the same way shareholders, whose shares amount in aggregate to not less than one-twentieth of the share capital or represent a proportional amount of not less than 500,000 Euro, may request to have items placed on the agenda and published. Every request for a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request in accordance with sentence 1 must be received by the Company at least 24 days, in case of public companies at least 30 days prior to the general meeting; whereby the day of the receipt is not counted.*
- (3) *If any such request is not complied with, the court may authorize the shareholders who made the request to convene a general meeting or publish such items. At the same time the court may appoint the chairman of the meeting. The notice of the meeting or the publication shall refer to such authorization. An appeal may be made against the decision of the court. The applicants have to prove that they will continue to hold the shares until the decision of the court is made.*
- (4) *The Company shall bear the costs of the general meeting and, in the case of paragraph 3, also the court costs if the court grants the application.*

*Section 124 of the German Stock Corporation Act: Publication of requests for supplements; proposals for resolutions (excerpt)*

- (1) *If the minority has requested pursuant to Section 122 para. 2 that items shall be added to the agenda, these items shall be published either upon convening the meeting or immediately following receipt of the request. Section 121 para. 4 shall apply analogously; moreover, Section 121 para. 4a shall apply analogously to public companies. Publication and submission shall be made in the same way as applicable for convening the meeting.*

*Section 121 of the German Stock Corporation Act: General provisions (excerpt)*

- (4) *The convening of the general meeting shall be published in the company's journals. If the shareholders of the Company are known by name, the shareholders' meeting may be convened by registered letter, unless the articles of association provide otherwise; the day of dispatch shall be considered the day of publication.*
- (4a) *In case of public companies which have not exclusively issued registered shares or which do not send the convention directly to the shareholders pursuant to para. 4 sentence 2, the notice shall, at the latest on the date of announcement, be furnished to such suitable media as may be expected to disseminate the information throughout the European Union.*
- (7) *In case of deadlines and dates which are calculated back from the date of the meeting, the day of the meeting itself shall not be included in the calculation. Adjourning the meeting from a Sunday, Saturday or a holiday to a preceding or following working day shall not be an option. Sections 187 to 193 of the German Civil Code (Bürgerliches Gesetzbuch) shall not be applied analogously. In case of unlisted companies, the articles may provide for a different calculation of the deadline.*

*Section 70 of the German Stock Corporation Act: Computation of the period of shareholding*

*If the exercise of rights arising from a share shall require the shareholder to have been the holder of the share for a certain period of time, the right to claim transfer from a bank, a financial services institution or an enterprise active according to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the Banking Act shall be deemed equivalent to ownership. The period during which the share was owned by a predecessor in title shall be attributed to the shareholder, if he acquired the share without consideration from his fiduciary, as universal successor, upon severance of co-ownership, or as a result of a transfer of assets pursuant to section 13 of the Insurance Supervision Act or section 14 of the Building Savings Bank Act.*

## **Countermotions pursuant to section 126 para. 1 AktG and election proposals pursuant to section 127 AktG**

In addition, the Company's shareholders may send countermotions to proposals put forth by the Management Board and/or the Supervisory Board concerning specific agenda items as well as election proposals related to the election of Supervisory Board members and auditors. All countermotions (including any explanation), election proposals and other shareholder inquiries regarding the Annual General Meeting are to be sent to the following address only:

MorphoSys AG  
c/o Better Orange IR & HV AG  
Haidelweg 48  
81241 Munich  
Germany  
Fax: +49 (0)89 889 690 666  
Email: [antraege@better-orange.de](mailto:antraege@better-orange.de)

Countermotions and election proposals sent to any other address will not be considered. Better Orange IR & HV AG is the Company's agent authorized to receive countermotions and election proposals.

Countermotions and election proposals arriving with proof of shareholder status at the above mailing address, fax number or email address up to 14 days before the date of the Annual General Meeting, i.e., by no later than the close of May 7, 2019 (24:00 hours [midnight] CEST) will be made available to other shareholders on the internet at [www.morphosys.com/agm](http://www.morphosys.com/agm) immediately upon receipt together with the name of the shareholder and the reasons for the countermotion if the other requirements for publication pursuant to section 126 AktG have been met. Any statements by the Company's management will also be published at the same internet address.

In addition to the reasons specified in section 126 para. 2 AktG, the Management Board is, among others, not required to publish an election proposal that does not contain the name, profession and domicile of the candidate. Proposals concerning the election of Supervisory Board members are also not required to be made available if they are not accompanied by information on the proposed candidate's appointments to other statutory supervisory boards as defined in section 125 para. 1 sentence 5 AktG.

Please be advised that countermotions and proposals for elections that have been submitted to the Company on time and in advance of the Annual General Meeting shall only be considered at the Annual General Meeting if they are also submitted orally to the Annual General Meeting.

This does not affect the right of each shareholder to submit countermotions to the Annual General Meeting concerning various items on the agenda and election proposals for Supervisory Board members and auditors without submitting them in advance and on time to the Company.

The relevant sections of the German Stock Corporation Act upon which those shareholder rights are based and which also set forth under which preconditions counter-proposals and election proposals do not need to be made available are as follows (convenience translation only):

*Section 126 of the German Stock Corporation Act: Propositions by shareholders*

- (1) *Information on shareholders propositions, including the respective shareholder's name, as well as the underlying reasons for the proposition and statements, if any, by the Management need only be given to the beneficiaries pursuant to section 125 para. 1 through 3, if the shareholder submits to the company at the address specified his counter-application stating the reasons for it to a proposal of the management board and the supervisory board concerning a specific agenda item at the latest 14 days prior to the general meeting. The day of the receipt is not counted. Public companies have to publish the propositions on their webpage. Section 125 para. 3 applies accordingly.*
- (2) *Information on a counter-application and the reasons therefor need not be given, if:*
  1. *the management board would by reason of giving such information become criminally liable;*
  2. *the counter-application would result in a resolution of the general meeting which would be unlawful or in breach of the articles of association;*
  3. *the grounds contain statements which are manifestly false or misleading in material respects or which are defamatory;*
  4. *a counter-application of such shareholder based on the same facts has already been communicated to a general meeting of the company pursuant to section 125;*
  5. *the same counter-application of such shareholder on essentially identical grounds has already been communicated pursuant to section 125 to at least two general meetings of the company within the past five years and at such general meetings less than one-twentieth of the share capital represented voted in favour of such counter-application;*
  6. *the shareholder indicates that he will neither attend nor be represented at the general meeting; or*
  7. *within the past two years at two general meetings the shareholder failed to move or cause to be moved on his behalf a counter-application communicated by him.*

*The statement of grounds need not be communicated if it exceeds 5000 figures.*

- (3) *If several shareholders make counter-applications in respect of the same resolution, the management board may combine such counter-applications and their statements of grounds.*

*Section 127 sentences 1 to 3 of the German Stock Corporation Act: Nominations by shareholders*

*Section 126 shall apply analogously to nomination by a shareholder for election of supervisory board members or auditors. Such nomination does not need be supported by statement of grounds. Nor does the management board need to give notice of such nomination if it fails to contain the particulars required by section 124 para. 3 sentence 4 and section 125 para. 1 sentence 5.*

*Section 124 of the German Stock Corporation Act: Publication for requests for supplements; proposals for resolutions (excerpt)*

- (3) *...The nomination for the election of supervisory board members or auditors shall state their name, profession and domicile. ...*

*Section 125 of the German Stock Corporation Act: Communications to shareholders and members of the supervisory board (excerpt)*

- (1) *...In case of public companies details on the membership in other supervisory boards to be established pursuant to statutory provisions must be added to any nomination for the election of supervisory board members; details on their membership in comparable domestic and foreign controlling bodies of enterprises shall be added.*

*Section 137 of the German Stock Corporation Act: Voting on nomination made by shareholders*

*If a shareholder has made a nomination for the election of members of the supervisory board pursuant to section 127 and proposes at the general meeting the election of the person nominated by him, such proposal shall be resolved upon prior to consideration of the proposal of the supervisory board if a minority of shareholders whose aggregate holding is at least one-tenth of the share capital represented at the meeting so requests.*

## Shareholder's right to information pursuant to section 131 para. 1 AktG

Every shareholder and shareholder representative may ask the Management Board at the Annual General Meeting to provide information on matters pertaining to the Company to the extent that such information is necessary for making a reasonable assessment of an agenda item and provided there is no statutory right to refuse to provide the information requested.

The obligation to provide information also applies to the legal and business relationship of the Company with an affiliate, the situation of the Group and the companies included in the consolidated financial statements.

As a rule, all such requests for information should be made orally at the Annual General Meeting. The Management Board may refrain from answering certain questions if the circumstances apply that are outlined in section 131 para. 3 AktG, particularly when – according to reasonable business judgment – providing the information is likely to cause substantial damages to the Company or an affiliate.

Pursuant to section 19 para. 4 of the Articles of Association, the chair of the Annual General Meeting may restrict the length of time a shareholder has the right to speak and to ask questions as appropriate.

The relevant sections of the German Stock Corporation Act upon which those shareholder rights are based and which also set forth under which preconditions the Management Board can refuse to answer are as follows (convenience translation only):

### *Section 131 of the German Stock Corporation Act: Shareholders right to information*

- (1) *Each shareholder shall upon request be provided with information at a general meeting by the executive management board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any connected enterprise. If a company makes use of the simplified procedure pursuant to section 266 para. 1 sentence 3, section 276 or section 288 of the German Commercial Code, each shareholder may request that the annual financial statements be presented to him at the general meeting on such annual financial statements in the form which would have been used if such simplified procedures were not applied. The disclosure obligation of the executive management board of the parent company (section 290 para. 1, 2 of the German Commercial Code) in the general meeting, to which the consolidated financial statements and the consolidated management report is presented, also extends to the situation of the consolidated group of companies and of the enterprises included in the consolidated financial statements.*
- (2) *The information provided shall comply with the principles of conscientious and accurate accounting. The articles of association or the by-laws according to section 129 can authorize the chairman to set appropriate time limits in regards to shareholders' right to ask questions and speak and to make other determinations in this matter.*
- (3) *The management board may refuse to provide information:*
  1. *to the extent that providing such information is, according to sound business judgement, likely to cause not insignificant damage to the company or a connected enterprise;*
  2. *to the extent that such information relates to tax valuations or the amount of individual taxes;*
  3. *on the difference between the value at which items are shown in the annual balance sheet and the higher value of such items, unless the general meeting is to adopt the annual financial statements;*
  4. *on methods of arriving at balances and valuation, if disclosure of such methods in the notes suffices to provide a factually accurate picture of the condition of the company's assets, financial position and profitability within the meaning of section 264 para. 2 of the German Commercial Code; this shall not apply if the general meeting is to adopt the annual financial statements;*
  5. *insofar as provision of the information would render the management board criminally liable;*
  6. *insofar as, in the case of a bank or a financial services institution, information on methods adopted of arriving at balances, valuation and effected settlements does not require to be given in the annual financial statements, management report, consolidated financial statements or consolidated management report;*
  7. *insofar as such information is available on the webpage of the company at least for a period of seven days prior to the general meeting and throughout the general meeting.*

*Provision of information may not be refused for other reasons.*

- (4) *If information has been provided to a shareholder, by reason of his status as a shareholder, outside the general meeting, such information shall upon request be provided to any other shareholder at the general meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The management board may not refuse to provide such information on the grounds of paragraph 3 sentence 1 nos. 1 to 4. Sentences 1 and 2 shall not apply if a subsidiary enterprise (section 290 para. 1, 2 of the German Commercial Code) an enterprise with common management (section 310 para. 1 of the German Commercial Code) or an associated enterprise (section 311 para. 1 of the German Commercial Code) discloses the information to a parent enterprise (section 290 para. 1, 2 of the German Commercial Code) for the purposes of inclusion of the information in the consolidated financial statements of the parent enterprise and the information is necessary for that purpose.*
- (5) *A shareholder who has been denied information may request that his question, and the reason for which the information was denied, be recorded in the minutes of the meeting.*

Pursuant to section 19 para. 4 of the Articles of Association, the chair of the Annual General Meeting may restrict the length of time a shareholder has the right to speak and to ask questions as appropriate.

The relevant section of the Company's Articles of Association is as follows (convenience translation only):

*Sec. 19 para. 4 of the Articles of Association of MorphoSys AG:*

- (4) *The Chairman of the General Meeting determines the order of speakers and the consideration of the items on the agenda; he or she may also, to the extent permitted by law, decide on the bundling of factually related resolution proposals into a single voting item, establish reasonable limits on the time taken by the shareholders to speak and pose questions for the entire duration of the General Meeting, for individual agenda items and for individual speakers at the start of or during the course of the General Meeting as well as determine the close of debate as needed for the orderly conduct of the General Meeting.*

Planegg, April 2019

MorphoSys AG

The Management Board